THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) A few representations were received from the opium poppy cultivators against certain provisions of the Opium Licensing Order (Policy) for the crop year 2004-05. The main grievances relating to the said Opium Licensing Order (Policy) were regarding the provision of debarring from licence those cultivators who had tendered 'water-mixed' opium of consistency below 55 degree during the crop year 2003-004 and increase in the forewarning of Minimum Qualifying Yield to 58 kg per hectare for eligibility in case of Rajasthan and Madhya Pradesh for licence for the next crop year 2005-06.

(b) A notification has been issued on 03.12.2004 whereby the Opium Licensing Order (Policy) for the crop year 2004-2005 has been amended by deleting the provision of debarring of cultivators who have tendered 'water-mixed' opium of consistency below 55 degree during the crop year 2003-04 and the forewarning of Minimum Qualifying Yield for eligibility for licence for the crop year 2005-06 has been lowered to 56 kg per hectare from the earlier 58 kg per hectare in case of Rajasthan and Madhya Pradesh.

(c) Yes, Sir.

(d) The representation has been considered alongwith other representations and action as per (b) above has already been taken by the Government. Besides, the procurement price of opium has also been increased by 5% for the crop year 2004-05.

Service Tax on Life Insurance Services

1950. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Life Insurance Services have come under service tax;

(b) if so, the details thereof;

(c) the new services that have been brought under tax net since June 2004; and

(d) the other new services likely to be brought under tax net?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Service tax is leviable only on the risk cover in life insurance and is in force since 10.9.2004. In cases where the premium amount towards risk cover is not separately shown in the documents and the premium paid is not entirely towards the risk cover, insurance companies have an option to pay service tax on 1 % of the gross amount charged. The rate of service tax otherwise is 10% plus 2% educational cess (total rate being 10.2%).

(c) The following services were brought under the tax net since June 2004.

(i) Business exhibition services

(ii) Airport services

(iii) Transport of goods by air

(IV) Survey and exploration of minerals

(v) Opinion poll services

(vi) Intellectual property service (except copy rights)

(vii) Forward contract service

(viii) Pandal and Shamiana service

(ix) Outdoor catering

(x) TV or radio programme production

(xi) Construction service relating to commercial/industrial buildings

(xii) Travel agents

(xiii) The levy of service tax on Transport of goods by road would come into effect on 1.1.2005.

(d) As it is a policy matter, no comment is offered.

Recommendation of 11th Finance Commission

1951. SHRI A. VIJAYARAGHAVAN: Will the Minister of FINANCE be pleased to State:

(a) whether it is a fact that performance in development indicators,